

Study on the Impact of Financial Shared Services on the Transformation of Financial Professionals

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Abstract: Financial Shared Services (FSS) has emerged as an integrated financial management model that is widely adopted across the globe. By consolidating and standardizing financial processes, FSS enhances the efficiency and transparency of corporate financial management. However, the implementation of FSS has also significantly impacted the roles, skill requirements, and career development paths of traditional financial professionals. This paper delves into the concept of FSS and its implementation process, exploring its multifaceted impact on the transformation of financial personnel. The study finds that FSS not only drives the transition of financial professionals from traditional transactional tasks to higher-level analytical and decision-support roles but also demands stronger cross-functional communication and IT application skills. Additionally, this paper discusses the challenges that financial professionals may face during this transition and proposes corresponding strategies to assist enterprises in promoting FSS and supporting the career development of financial personnel.

Keywords: Financial Shared Services; Financial Personnel Transformation; Role Change; Skill Requirements; Career Development

1. Introduction

In the context of an increasingly complex and competitive global economy, corporate management models are undergoing profound transformations. Financial Shared Services (FSS), as an emerging financial management model, has garnered significant attention and application in recent years^[1]. By centralizing financial functions that were previously dispersed across various business units, FSS

aims to enhance financial management efficiency, reduce operational costs, and improve overall financial transparency within organizations. The implementation of this model has gradually become a critical means for multinational corporations and large enterprise groups to optimize the allocation of financial resources on a global scale.

However, with the promotion of Financial Shared Services, the roles and functions of financial professionals have also undergone significant changes. Traditionally, financial personnel primarily engaged in transactional tasks such as accounting, financial reporting, and tax management. In the FSS environment, these foundational tasks are increasingly standardized and automated, shifting the focus of financial professionals towards higher-level functions such as data analysis and decision support. This transformation not only alters the content of their work but also imposes new requirements on their professional skills and overall competencies^[2].

This study aims to explore the specific impacts of Financial Shared Services on the transformation of financial professionals, analyze the challenges they face during the transition, and propose corresponding strategies to address these challenges. Through an in-depth examination of this topic, the paper seeks to provide theoretical foundations and practical guidance for companies to better support the transformation of financial professionals in the implementation of Financial Shared Services.

2. The Concept and Impact of Financial Shared Services

2.1 Definition of Financial Shared Services

Financial Shared Services (FSS) is a financial management model that consolidates the dispersed financial functions of various departments or subsidiaries within an

organization into a centralized Shared Service Center (SSC) for unified management and operation. The core concept of FSS is to achieve optimal resource allocation through the standardization, automation, and centralization of processes, thereby enhancing operational efficiency and reducing operational costs^[3]. The functions typically encompassed by Financial Shared Services include accounting, accounts receivable and payable management, financial reporting, treasury management, and tax compliance.

2.2 Development and Current Status of Financial Shared Services

Financial Shared Services originated in the 1980s within multinational corporations in Europe and the United States, initially as a response to the complexities introduced by globalization. With the advancement of information technology and the increasing demand for global business expansion, the FSS model has gradually matured and has been adopted by an increasing number of large enterprises and multinational corporations. Currently, FSS is no longer limited to financial management but has expanded to encompass various functions, including human resources, information technology, procurement, and more, forming multifunctional Shared Service Centers.

In China, the rise of Financial Shared Services has accompanied the expansion of enterprise scale and the acceleration of internationalization. Notably, some large state-owned enterprises and multinational corporations have begun establishing Financial Shared Service Centers to enhance financial management efficiency, improve information transparency, and optimize internal resource allocation. Although the application of FSS in China is still in the development stage, its significant cost-saving effects and potential for management improvement have led an increasing number of companies to explore and implement this model^[4].

2.3 Impact of Financial Shared Services on Corporate Financial Management

2.3.1 Enhancing financial management efficiency

Financial Shared Services significantly enhance financial management efficiency through centralized and standardized

operational processes. Under the FSS model, companies can automate a large volume of routine financial tasks, such as accounts receivable and payable management and daily accounting, thereby reducing human errors and increasing processing speed. Additionally, Shared Service Centers can flexibly allocate resources according to business needs, allowing for more efficient responses to sudden increases in workload or other special demands^[5].

2.3.2 Reducing operational costs

By centralizing financial processes, companies can significantly reduce redundant work and resource wastage, thereby lowering labor and operational costs. The economies of scale achieved by Shared Service Centers enable companies to realize greater cost efficiency when handling large volumes of financial transactions^[6]. For instance, the application of automation technologies reduces the reliance on low-skilled labor while also saving on office space and equipment expenses. Moreover, the centralized procurement and supply chain management facilitated by FSS can further drive down costs.

2.3.3 Improving financial transparency and decision support

Financial Shared Services enhance financial transparency by providing a unified financial information platform, allowing the financial data of various departments and subsidiaries to be aggregated in real-time and with greater accuracy^[7]. This centralization and standardization of information enable the management to conduct comprehensive financial analyses and provide decision support, helping to identify potential risks and opportunities in a timely manner. Furthermore, by integrating financial resources, FSS offers clearer cost accounting and performance evaluation, aiding management in making more informed strategic decisions.

2.3.4 Facilitating the transformation of financial personnel roles

With the introduction of FSS, the routine tasks of traditional financial personnel are greatly reduced, leading to a transformation in their roles^[8]. They no longer serve merely as data processors but increasingly as supporters of corporate decision-making and participants in strategic planning. This shift not only elevates the status of financial personnel within the organization but also drives them to

continuously enhance their professional skills to meet new job requirements. This role transformation is one of the profound impacts that Financial Shared Services will have on corporate financial management.

3. Impact of Financial Shared Services on the Role Transformation of Traditional Financial Personnel

3.1 Functions and Roles of Traditional Financial Personnel

Before the advent of Financial Shared Services, traditional financial personnel primarily focused on transactional and operational functions^[9]. These tasks included accounting, ledger management, financial reporting, and tax administration. The role of financial personnel was largely to ensure the accuracy and compliance of the company's financial data, as well as the timely completion of various financial reports. Most of their time was spent manually inputting and reconciling large volumes of data, making their work repetitive and mundane, with relatively limited influence on corporate decision-making.

3.2 Role Transformation Induced by Financial Shared Services

With the implementation of Financial Shared Services, companies have centralized financial functions that were previously dispersed across various departments or business units, placing them under the unified management of a Shared Service Center. This model has significantly altered the work content and methods of financial personnel:

3.2.1 Transition from transactional to analytical work

In a Financial Shared Services environment, many traditional transactional tasks, such as ledger management and accounts payable/receivable, are streamlined and automated^[10]. This shift means that financial personnel no longer need to spend extensive time on these repetitive tasks and can instead focus more on data analysis, business support, and strategic decision-making. Financial personnel are increasingly taking on analytical roles, using financial data to provide deep insights

that help management make more accurate business decisions. This transition transforms financial personnel from “ledger administrators” into “business analysts” and “decision supporters.”

3.2.2 Enhanced cross-functional

Communication skills

Under the Financial Shared Services model, financial personnel must work closely with various departments to ensure the accuracy and timeliness of financial data. Therefore, their work extends beyond the financial domain to include communication and collaboration with departments such as sales, procurement, and production. This requires financial personnel to have strong cross-functional communication skills, enabling them to understand and support the needs of business units while providing expert financial advice. The improvement in cross-functional communication skills makes the role of financial personnel more integrated and multifaceted, furthering their professional development.

3.3 Changing Skill Requirements in the New Role

As the roles of financial personnel evolve, the skills required also undergo significant changes:

3.3.1 Information technology proficiency

The implementation of Financial Shared Services relies on advanced information technology systems, such as Enterprise Resource Planning (ERP) systems, financial management software, and data analysis tools. Financial personnel must be proficient in these technologies, able to use them effectively for data processing and analysis. Additionally, they need to understand the basics of process automation management and participate in optimizing and improving financial systems to enhance efficiency.

3.3.2 Data analysis and processing capabilities

In the new work environment, financial personnel are increasingly involved in data analysis and decision support. They must possess strong data analysis and processing skills, enabling them to conduct in-depth analyses of large volumes of financial data, identify potential business issues or opportunities, and provide valuable

financial insights to management. Enhancing these skills requires proficiency in data processing tools, as well as a solid foundation in statistical analysis and financial modeling.

3.3.3 Strategic thinking and business acumen

As the role of financial personnel becomes more strategic, they need to develop higher-level strategic thinking skills, understanding the company's operational goals and strategic direction. Additionally, they must

gain a deep understanding of the company's business operations, integrating financial data with business practices to provide robust support for strategic decision-making. Cultivating these abilities is crucial for the long-term career development of financial personnel.

3.4 The Impact of Financial Shared Services on Career Development of Financial Personnel

Table 1. Role Transformation Diagram for Financial Personnel

Traditional Finance Role	New Role in Shared Services Center	Key Changes and Challenges
<p>Transactional Work</p> <ul style="list-style-type: none"> - Daily Accounting Processing - Invoice Management - Expense Reimbursement - Financial Report Generation 	<p>Analytical Work</p> <ul style="list-style-type: none"> - Data Analysis and Trend Forecasting - Cost Analysis and Budget Preparation - Decision Support - Business Insights 	<p>Data Analysis Skills</p> <ul style="list-style-type: none"> - Learning to use advanced analytics tools - Enhancing data processing and visualization skills
<p>Operational Execution</p> <ul style="list-style-type: none"> - Accounting Processing - Report Generation - Internal Auditing 	<p>Strategic Support</p> <ul style="list-style-type: none"> - Participation in Strategic Planning - Business Collaboration and Support - Risk Management and Control 	<p>Strategic Thinking Skills</p> <ul style="list-style-type: none"> - Understanding Company Strategic Goals - Providing Financial Decision Support
<p>Single Function</p> <ul style="list-style-type: none"> - Financial Accounting - Budget Preparation - Tax Processing 	<p>Cross-functional Collaboration</p> <ul style="list-style-type: none"> - Inter-departmental Coordination - Information Integration and Sharing - Cross-departmental Cooperation 	<p>Cross-functional Communication Skills</p> <ul style="list-style-type: none"> - Collaborating with Business Units - Participating in Cross-departmental Projects
<p>Fixed Work Patterns</p> <ul style="list-style-type: none"> - Fixed Work Cycles - Task Execution According to Processes - Report Generation by Schedule 	<p>Flexible Work Patterns</p> <ul style="list-style-type: none"> - Dynamic Work Adjustments - Project Management Participation - Remote Collaboration 	<p>Work Adaptability</p> <ul style="list-style-type: none"> - Adapting to Flexible Work Arrangements - Utilizing Collaboration Tools
<p>Static Reports</p> <ul style="list-style-type: none"> - Periodic Financial Reports - Monthly/Annual Summaries 	<p>Dynamic Reports</p> <ul style="list-style-type: none"> - Real-time Data Updates - Interactive Analysis Tools - Self-service Reporting Features 	<p>Report Generation Skills</p> <ul style="list-style-type: none"> - Providing Real-time Reporting - Supporting Self-service Report Generation

The role transformation driven by Financial Shared Services has profound implications for the career development of financial personnel. On one hand, financial personnel are liberated from transactional tasks, allowing them to engage in more challenging analytical and decision-support work, which opens up broader career development opportunities. On the other hand, the new skill requirements and work methodologies present greater challenges, compelling financial personnel to continuously learn and adapt to maintain their competitive edge in their careers.

In summary, while Financial Shared Services contribute to enhancing financial management efficiency, they also have a deep impact on the role transformation of financial personnel. By transitioning from transactional functions to analytical and strategic roles, the work value and career prospects of financial personnel are significantly elevated. However, this transformation also demands new skills and competencies, prompting financial personnel to continuously strive for higher levels of expertise and comprehensive abilities throughout their careers.

Table 1 summarizes the role transformation for Financial Personnel.

4. Challenges and Responses in the Transformation of Financial Personnel

4.1 Key Challenges Faced by Financial Personnel during Transformation

The introduction of Financial Shared Services has significantly altered the roles and functions of financial personnel, leading to a series of challenges during this transformation process:

4.1.1 Skills gap and training needs

As financial personnel shift from traditional transactional tasks to more analytical and strategic roles, the required skill set changes accordingly. However, many financial personnel may face a gap between their current skills and the new requirements. For example, they need to become proficient in new information technology tools, data analysis techniques, and develop stronger strategic thinking abilities. Addressing this skills gap and providing effective training becomes a critical issue for companies implementing Financial Shared Services.

4.1.2 Role repositioning

The transformation of financial personnel's roles involves fundamental changes in job content, which may cause psychological discomfort and resistance. Some financial personnel may struggle to adapt to the new job requirements or worry about the uncertainty of their career path post-transformation. This role repositioning requires companies to engage in effective communication and offer psychological support, along with providing clear career planning and development paths during the role transition.

4.1.3 Workload and time management

In the context of Financial Shared Services, financial personnel may encounter new work pressures and increased workloads. For instance, taking on more analytical and decision-support tasks could lead to longer working hours. Additionally, learning new technologies and systems also requires a significant time investment. Balancing heavy workloads with effective time management is a challenge that financial personnel need to address during their transformation.

4.1.4 Cross-functional communication challenges

Financial personnel in the new work environment are required to collaborate with multiple departments, which raises the demand for enhanced cross-functional communication skills. Information asymmetry and communication breakdowns between departments can negatively impact the efficiency and effectiveness of financial personnel's work. Effectively coordinating inter-departmental communication and fostering cross-departmental collaboration is a challenge that companies must overcome when implementing Financial Shared Services.

4.2 Strategies for Companies and Financial Personnel

To address the challenges faced during the transformation of financial personnel, companies and financial personnel can adopt several strategies to ensure a smooth transition:

4.2.1 Provide systematic training and support

Companies should offer systematic training and support tailored to the new skills required by financial personnel. Training programs should cover areas such as information technology, data analysis, and strategic thinking, helping financial personnel acquire

the necessary skills. Additionally, companies should encourage financial personnel to pursue relevant industry certifications and continuing

education courses to enhance their professional capabilities and competitiveness.

Table 2. Skill Gap

Traditional Finance Skills	Skills Required in a Shared Services Center
Basic Financial Operations <ul style="list-style-type: none"> - Accounting processing - Invoice Management - Expense Reimbursement - Financial Report Generation 	Advanced Data Analysis <ul style="list-style-type: none"> - Data Mining and Trend Forecasting - Advanced Statistical Analysis - Data Visualization - Predictive Modeling
Basic IT Skills <ul style="list-style-type: none"> - Using Basic Financial Software - Basic Excel Operations - Data Entry 	Information Technology Application <ul style="list-style-type: none"> - Advanced Financial Management System Operations - System Integration and Maintenance - Automation Tools and Software Development
Static Reporting <ul style="list-style-type: none"> - Periodic Financial Reports - Manual Data Processing - Monthly/Annual Summaries 	Dynamic Reporting and Analysis <ul style="list-style-type: none"> - Real-time Data Updates - Interactive Report Generation - Self-service Analytics Tools
Basic Communication Skills <ul style="list-style-type: none"> - Internal Communication - Basic Business Interaction - Handling Routine Issues 	Cross-functional Collaboration Skills <ul style="list-style-type: none"> - Inter-departmental Coordination - Information Integration and Sharing - Project Management and Team Collaboration
Traditional Thinking Patterns <ul style="list-style-type: none"> - Fixed Work Patterns - Fixed Task Execution - Handling Known Tasks 	Strategic Thinking <ul style="list-style-type: none"> - Flexible Response to Business Changes - Supporting Company Strategic Planning - Risk Assessment and Management

4.2.2 Develop clear role and career development plans

To assist financial personnel in adapting to their new roles, companies should establish clear role definitions and career development plans. By providing detailed job descriptions and career path planning, financial personnel can better understand the nature of their transformed roles and their future development trajectory. Furthermore, companies should offer career counseling and support to help financial personnel achieve their career objectives.

4.2.3 Optimize workflows and time management

Companies should optimize financial workflows to reduce unnecessary workload and improve efficiency. Offering flexible work arrangements and time management tools can help financial personnel better balance their

work and personal lives. By appropriately allocating tasks and adjusting workflows, companies can alleviate the work pressure on financial personnel.

4.2.4 Enhance cross-functional Communication and Collaboration

Companies should establish effective cross-functional communication mechanisms to promote information sharing and collaboration between different departments. Regular departmental meetings, joint project teams, and other initiatives can foster interaction and cooperation between financial personnel and other departments. Additionally, companies can introduce collaboration tools and platforms to enhance the efficiency of cross-departmental communication.

Table 2 summarizes the skills gap of traditional financial personnel within the context of financial shared services.

5. Conclusions

5.1 Key Research Findings

This study explores the impact of Financial Shared Services (FSS) on the transformation of financial personnel, yielding the following key findings:

Role transition: FSS has driven a significant transition for financial personnel, shifting them from traditional transactional tasks to more analytical and strategic roles. Financial personnel are now more involved in data analysis, decision support, and strategic planning, making their roles within the organization more critical and their job content more diverse.

Changes in skill requirements: Along with the role transition, the skill requirements for financial personnel have undergone significant changes. They now need stronger capabilities in information technology, data analysis, and strategic thinking. Mastery of these new skills not only helps them adapt to the new work environment but also enhances their value and competitiveness within the organization.

Challenges in transformation: The transformation process poses several challenges for financial personnel, including skill gaps, role redefinition, workload management, and cross-functional communication. These challenges demand greater adaptability from financial personnel and necessitate more robust support measures from the organization.

Coping strategies: To address the challenges faced by financial personnel during the transformation, organizations should implement systematic training and support, clearly define roles and career development paths, optimize work processes and time management, and strengthen cross-functional communication and collaboration. These measures can effectively assist financial personnel in adapting to the transformation, thereby improving their work efficiency and job satisfaction.

Success factors: Case studies highlight the key factors and experiences contributing to the successful implementation of FSS, including effective training mechanisms, clear career development pathways, well-designed work processes, and efficient cross-departmental communication mechanisms. These insights

provide valuable references for other organizations undergoing FSS implementation and financial personnel transformation.

5.2 Implications for Corporate Management Practice

Enhancing training and skill development: Companies implementing FSS should emphasize the training of financial personnel to help them acquire new skills and adapt to new job requirements. A systematic training plan and continuous career development support are crucial for the successful transformation of financial personnel.

Clarifying roles and career development paths: Organizations should provide financial personnel with clear role definitions and career development plans, ensuring they understand their post-transformation job content and future development directions. A well-defined career path can motivate financial personnel to embrace change, improving job satisfaction and loyalty.

Optimizing work processes and improving efficiency: Companies should optimize financial work processes to reduce unnecessary workload and enhance efficiency. Proper work arrangements and time management tools can help financial personnel better balance work and life, thereby increasing both efficiency and satisfaction.

Promoting cross-functional communication and collaboration: Organizations should establish effective cross-functional communication mechanisms to foster information sharing and collaboration between different departments. By optimizing communication channels and utilizing collaboration tools, financial personnel can work more efficiently and enhance team cooperation.

5.3 Limitations and Future Research Directions

Despite providing an in-depth analysis of the impact of FSS on the transformation of financial personnel, this study has certain limitations. First, the research sample is primarily concentrated in specific industries and companies, which may introduce industry or regional specificity, limiting the generalizability of the findings. Second, the study focuses mainly on the challenges and coping strategies of financial personnel during

their transformation, without fully exploring the long-term psychological and career development impacts of FSS on financial personnel.

Future research could expand to different industries and regions to validate the findings and explore the long-term effects of FSS on financial personnel's psychological well-being and career development. Additionally, investigating the broader organizational impacts of FSS, including its influence on corporate culture and employee engagement, could provide further insights into the comprehensive effects of FSS implementation.

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